
Psychological Effects of Tax Amnesty: An Analysis of Taxpayers' Perceptions of Tax Amnesty Policy in Indonesia

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Abstract:

This research aims to analyse the psychological impact of Indonesia's tax amnesty policy on taxpayer perceptions and compliance behaviour. The research focuses on the industrial and property sectors, which play a strategic role in asset reporting and legalisation. Using a qualitative case study approach, data were collected through in-depth interviews with selected informants using purposive sampling. The findings show that participation in the tax amnesty program was primarily driven by fear of audits, investigations, and sanctions, rather than by a genuine awareness of tax obligations. The property sector showed more substantial support, viewing the program as a means of legitimising assets and securing financial backing for large-scale projects. In contrast, compliant taxpayers expressed feelings of injustice, believing the policy disproportionately favoured those who had previously evaded taxes. Although overall perceptions of the tax amnesty are positive—particularly among previously non-compliant groups—its long-term effectiveness is uncertain without consistent law enforcement and visible fiscal fairness. This study emphasises the significance of addressing psychological aspects and fairness perceptions in the implementation of fiscal policy to develop a credible and sustainable tax system.

Keywords: *tax amnesty, psychological effects, taxpayer perceptions, tax compliance, fiscal confidence.*

INTRODUCTION

Tax is a constitutional obligation of every citizen that plays a central role in sustaining national development (Monika, 2022; Olike, 2024; Ridwan et al., 2024; Stenlund & Tuazon, 2019). According to Law No. 28/2007, taxes are coercive without direct reward and are used for the benefit of the state to promote the welfare of the people (Amah et al., 2021; Frecknall-Hughes, 2019; Nugroho & Agustia, 2017). Amid the strategic role of taxes as the primary source of state revenue in fields such as education, health, infrastructure, and other public services, the issue of tax compliance remains a significant challenge. The realisation of tax revenue, which often falls short of the target, reflects both structural and psychological problems in Indonesia's tax system (Hajawiyah et al., 2021).

Factors such as distrust of budget management, lack of understanding of tax regulations (Listyowati et al., 2018), and the complexity of the administrative system (Oladipupo & Obazee, 2016) empirically affect tax compliance. However, recent studies have shown that tax compliance is not solely an economic or technical issue, but also a psychological and moral issue (E. Kirchler, 2007; Torgler & Schneider, 2009). In this context, the Tax Morale and Slippery Slope Framework (TMSSF) theoretical approach becomes very relevant for understanding the dynamics of taxpayer compliance in Indonesia.

From these non-compliance factors, it is evident that many taxpayers remain reluctant and negligent in fulfilling their tax obligations (Oo, 2023; Remali et al., 2018; Sania & Yudianto, 2018). This low level of compliance has encouraged the government to implement various innovative policies, one of which is the tax amnesty programme.

Since its launch in 2016, the tax amnesty programme in Indonesia has attracted more than 970 thousand participants, with asset declarations reaching IDR 4,884 trillion and state revenue of IDR 135 trillion (Wijyantoko et al., 2022). The government also implemented a

similar policy in the form of a Voluntary Disclosure Programme (PPS) or Sunset Policy in 2021–2022, which collected asset disclosures of up to IDR 594 trillion. While these fiscal achievements are substantial, the crucial question that remains unanswered is: Is the programme capable of creating long-term and voluntary taxpayer behaviour?

According to tax morale theory, tax compliance is driven not only by fear of punishment but also by intrinsic motivation formed from perceptions of fairness, legal legitimacy, and trust in the government (Torgler, 2002; Luitel & Mahar, 2013). When taxpayers see that the tax system is filled with repeated amnesties and without strict enforcement, tax morale tends to weaken. Conversely, if the amnesty becomes a fair and one-off remedial opportunity, then tax morale may improve.

The Slippery Slope Framework (SSF) approach, developed by Erich Kirchler et al. (2008), states that tax compliance is determined by two main pillars: power and trust. In the context of tax amnesty, if the government fails to balance these two aspects, then the amnesty programme risks creating a negative perception that tax evasion will not be seriously penalised and that proper compliance is not rewarded.

In some countries, tax amnesty is even repeated multiple times or applied permanently (Khaterine & Eric, 2008; Koch & Müller, 2024), which creates taxpayers' psychological dependence on temporary incentives instead of voluntary compliance. This suggests that fiscal policies such as tax amnesty have complex psychological effects, which can ease taxpayers' anxiety about past consequences, but can also blur the line between compliance and non-compliance.

Against this background, it is essential to assess the effectiveness of tax amnesty not only in terms of state revenue, but also in terms of the psychological and behavioural responses of taxpayers. The main research question is: Is the tax amnesty programme truly capable of fostering sustainable voluntary compliance, or does it perpetuate a pragmatic and speculative mentality in tax compliance? To that end, this study explores in depth the engagement between the tax amnesty programme and the psychological aspects of taxpayers, with the Tax Morale and Slippery Slope Framework (TMSSF) theories as the main analytical framework. This research is expected to contribute both theoretically and practically. Theoretically, it enriches tax psychology literature by applying the Tax Morale and Slippery Slope Framework to analyse taxpayer perceptions of tax amnesty in Indonesia. Practically, the findings provide input for policymakers in designing future tax amnesty programmes that build sustainable taxpayer trust and voluntary compliance, offer insights for tax consultants in understanding taxpayer motivations, and serve as a foundation for future research on the psychological dimensions of tax policy.

RESEARCH METHOD

This research employed a qualitative method, specifically a case study approach. The process aimed to explore in detail taxpayers' views and experiences of the tax amnesty programme, as well as its impact on psychological elements such as voluntary compliance, fear of punishment, and perceptions of fairness. This method was chosen because psychological issues in the realm of taxation have complex and context-dependent characteristics, so they need to be researched through the personal stories and interpretations of taxpayers. The research

was conducted in Surabaya and Jakarta, with the research subjects being taxpayers in the industry and property sector who had participated in the tax amnesty programme. The research site was purposively selected based on the high level of compliance and participation in the tax amnesty programme. The number of informants is determined based on the principle of data saturation, which is reached when no new, meaningful information is found.

The primary information collection technique in this study was in-depth interviews with taxpayers. The interviews were conducted in a semi-structured manner with a customised guide, allowing the researcher to explore issues that arose during the interviews. The data was processed using a thematic analysis approach consisting of the following steps: Document the interview accurately, Coding data to find key themes, Formulate themes and provide narrative meaning Analyse the results based on Tax Morale and Slippery Slope Framework theories. To strengthen validity, theoretical triangulation was conducted. The use of several theories aims to provide a broader and deeper understanding of taxpayer behaviour after participating in the tax amnesty program.

RESULTS AND DISCUSSION

This research involves several informants who are corporate taxpayers who have participated in the tax amnesty programme. The informants were purposively selected based on their experience and willingness to share information. The following is a summary of the informants' profiles:

Table 1. Overview of Research Informants

Informant	Business Background/sector	Year of Tax Amnesty	Year of Sunset Policy
WP-1	Property entrepreneur	2016	2021
WP-2	Property developer	2017	2021
WP-3	Director of Property Company	2016	2021
WP-4	Construction entrepreneur	2017	2021
WP-5	Textile and garment entrepreneurs	2016	2021
WP-6	Property & real estate specialist tax consultant	2017	2021
WP-7	Manufacturing industry	2016	2021
WP-8	Manufacturing industry	2016	2021
WP-9	Property & real estate specialist tax consultant	2017	2021
WP-10	Property entrepreneur	2016	2021

Source: researcher data

From the in-depth interviews, several key topics relating to the relationship between the tax amnesty programme and the psychological aspects of taxpayers were identified.

Perception of Tax Amnesty Programme

Most informants said that tax amnesty brought a 'breath of fresh air' in resolving tax arrears. However, there are two different points of view.

Positive Outlook

Tax amnesty is seen as a "new opportunity" and a way for the government to build better relations with taxpayers.

Negative Outlook

Especially from compliant businesses, they feel that this policy is detrimental from a moral point of view because it gives advantages to those who were previously non-compliant.

Table 2: Interview Results Perception of Tax Amnesty Programme

Informant	Interview Excerpt	Perception of Tax Amnesty
WP-1	'...entrepreneurs who have several large projects, this programme is beneficial.'	Positive, considered a good opportunity
WP-2	'Tax Amnesty provides an opportunity for them to be legally "clean" without fear of being penalised.'	Positive, considered an opportunity
WP-3	'With this amnesty, they can correct their reports without major risks.'	Positive
WP-4	'For us in the construction industry, many things need to be improved in terms of tax administration, especially on large projects that involve several parties.'	Positive, felt immensely helped administratively
WP-5	"In our industry, many transactions are large and often clash with tax administration issues that are not very clear. With the tax amnesty, we can improve our tax reporting..."	Positive, in terms of fiscal benefits and moral hazard
WP-6	'It will be an opportunity for those who have not reported as a whole, and a criticism for taxpayers who obey the rules.'	Neutral
WP-7	'This programme allows us to correct asset reports that may have previously been overlooked or under-reported, without having to worry about severe penalties.'	Positive, considered a good opportunity
WP-8	'The Tax Amnesty programme provides a more open and transparent space, without having to worry about fines that may be large.'	Positive for its practical benefits
WP-9	'I see Tax Amnesty as an unfair step for many companies that have been complying with their tax obligations.'	Critical of programme fairness principles
WP-10	'I feel enthusiastic about the programme; if it is held again, I will participate.'	Positive for its practical benefits

Source: Research data

Fear of Sanctions

Some informants recognised that the fear of audits and tax penalties was the primary factor motivating participation in tax amnesty. From a psychological perspective, this indicates that fear serves as an external driver to comply. This suggests that the tax amnesty programme is perceived as a guarantee against future threats, rather than a means of raising awareness of tax obligations.

Table 3: Interview Results Fear of Sanctions

Informant	Interview Excerpt	Fear of Sanctions
WP-1	'...very concerned about the risk of sanctions if there are discrepancies in our tax reports.'	High enough
WP-2	'I would rather pay the penalty than pay the tax, because it is cheaper to pay the penalty.'	Low
WP-3	'We are afraid that if the tax authorities conduct an audit, we could be subject to huge fines.'	High
WP-4	'For us, the most important thing is to avoid the risk of large tax penalties.'	High enough
WP-5	'If the amount of admin sanctions is not large, I am willing to pay.'	Low

WP-6	‘Many entrepreneurs feel relieved after participating in Tax Amnesty because they no longer need to fear the possibility of audit or sanctions’	High (client-side)
WP-7	‘In many cases, the fear of sanctions outweighs the desire for full tax compliance.’	High
WP-8	‘I feel very pressurised by the potential sanctions that could be imposed if errors are found in our tax reports.’	High
WP-9	‘In many cases, the fear of sanctions outweighs the desire for full tax compliance.’	High (client-side)
WP-10	"Yes, the fear of sanctions is greater. We feel that the risk of facing penalties is much greater than the sense of unfairness of being a tax-compliant company."	High enough

Source: Research data

Trust in Government

Trust is a volatile element. Some informants appreciated the government's transparency in disseminating information and making the process easier. However, some doubt that the data from the tax amnesty can be utilised for stricter monitoring in the future. Belief in authority has a direct impact on the choice to participate or not in the programme, as well as on the consistency of future compliance.

Table 4: Interview Results: Trust in Government

Informant	Interview Excerpt	Trust in Government
WP-1	‘I feel more confident in the tax system if the government can show that they are serious, not just to collect taxes, but also to improve the system.’	Fairly confident, but want regulatory consistency
WP-2	"It's a bit lacking because in the past I was still subject to checks even though I had participated in tax amnesty. It's just because the evidence documents are missing."	Lack of trust
WP-3	‘I was sceptical, especially since the government's history of financial transparency is often questionable.’	Undecided due to existing history
WP-4	‘The government can be more transparent in communicating how the funds from Tax Amnesty will be used.’	I tend to trust, but I want the system to be more transparent.
WP-5	"From my experience, the government's transparency in the Tax Amnesty this time is quite good. The information provided is quite complete and easily accessible."	Believe, as long as the government's commitment is maintained.
WP-6	‘From the client side, they are hesitant about the government's long-term intentions.’	Clients tend to be indecisive and selectively trusting.
WP-7	"When I participated in the tax amnesty, I was told that I would not be investigated afterwards. However, when I received the SP2DK in 2018, an issue was still raised, and I ended up being investigated. Even though it has been included in the tax amnesty."	Feeling disappointed that I'm still being checked even though I've joined the tax amnesty programme
WP-8	‘I think the government still needs to work harder in showing that they are actually using the funds for the benefit of the people and not just for administrative purposes.’	Lack of trust in the use of tax funds
WP-9	‘Many taxpayers do not trust the tax authority; they feel betrayed by this programme.’	The client feels distrustful.
WP-10	"I don't think there is enough clarity yet. Many are still wondering how the government will use the funds"	Lack of trust in the use of tax funds

Source: Research data

Sense of Justice and Perception of Discrimination

Many informants emphasised that fairness is a crucial factor. The tax amnesty programme is considered unfair in its treatment of compliant taxpayers. However, for those who have not reported their taxes properly, the programme is an opportunity to report their taxes without incurring fines or sanctions. The two perceptions are contradictory. This impact affects the psychological aspects of business actors who think that their compliance is not recognised, which may lead to less voluntary compliance in the future.

Table 5 Interview Results: Sense of Fairness and Perception of Discrimination

Informant	Interview Excerpt	Sense of Justice
WP-1	"I see this Tax Amnesty as a fair move from the government. This programme provides an opportunity for those who may have made mistakes in the past to improve themselves without having to face heavy sanctions."	Satisfied with and an opportunity to improve tax reporting
WP-2	'This allows all parties to improve themselves, regardless of whether they have complied or not.'	Feeling fair
WP-3	'This programme not only provides an opportunity for the non-compliant to improve, but also recognises the importance of tax compliance.'	Feeling fair
WP-4	'I think this policy provides a good opportunity, especially in this field, which is quite complex.'	Fair and feel helped administratively.
WP-5	'I see it as an excellent and fair policy.'	Feels fair because it is an opportunity to improve
WP-6	'The government can provide additional incentives for taxpayers who are already compliant, perhaps in the form of reduced tax rates or other facilities.'	Doesn't matter
WP-7	'Any government programme that can benefit business continuity is good.'	Less concerned about fairness, focused on business impact
WP-8	'I think globally, this tax is always targeting the big WP's, in the sense of "hunting elephants in zoos".'	Feels fair because it is an opportunity to improve
WP-9	'...it feels like giving amnesty to those who have avoided tax obligations for a long time.'	Many clients feel aggrieved as compliant taxpayers.
WP-10	"The main benefit I see is an increase in the number of compliant taxpayers. With more people paying taxes correctly."	Accept the programme because they do not feel directly disadvantaged.

Source: Research data

Motivation to Comply

Despite external pressures such as sanctions, some informants stated that they participated in the tax amnesty programme because they wanted to feel peaceful and morally clean. This indicates the emergence of internal motivation, especially among entrepreneurs who have begun to view taxes as an ethical contribution to the state.

Table 6: Interview Results: Motivation to Comply

Informan	Kutipan Wawancara	Motivasi
WP-1	'This programme will only be effective if it is accompanied by real changes in the tax system and stricter supervision from the government.'	Want peace and legal certainty.

WP-2	'It helps us in gaining wider access to banks for financing long-term projects.'	Focus on business impact.
WP-3	'Yes, it is an opportunity to improve, just in case there is an inspection at any time.'	Fear of inspection
WP-4	'...want to ensure that all of our assets and financial statements are in line, to facilitate the process of expansion and cooperation with foreign partners.'	Focus on business impact.
WP-5	'I used to just go along with it, anyway, it's not bad to not have to pay the fine.'	Make financial planning easier.
WP-6	"I want to tidy up and improve my tax records. Can improve the report without a big risk."	Make financial planning easier.
WP-7	'For us to clean up our tax records without fear of excessive penalties.'	Fear of audits and hefty fines
WP-8	'...by participating in tax amnesty, we can avoid administrative and criminal tax penalties, which gives us a sense of security in doing business.'	Join to avoid sanctions.
WP-9	"The low redemption rate factor is the main driver of participation. The low redemption rate is the main driver of participation."	Many clients join because of lower rates.
WP-10	'I feel that Tax Amnesty allows me to start clean.'	Participated because I wanted a clean and orderly administration

The research findings suggest that taxpayers' participation in the tax amnesty programme is driven by the dominance of external motivations—particularly the fear of scrutiny, audits, and sanctions rather than a moral urge to comply voluntarily. This finding aligns with the Slippery Slope Framework (SSF) approach, which distinguishes between enforced and voluntary compliance (Kirchler et al., 2008). In this context, taxpayer participation represents enforced compliance, where compliance is temporary and depends on external pressure, rather than trust or moral awareness.

In the SSF framework, the dominance of 'power of authority' without being balanced with 'trust in authority' will result in weak and unsustainable compliance. This can be seen from the fact that some taxpayers continue to experience post-amnesty audits, which gives rise to perceptions of inconsistency and erodes trust in tax authorities. When promises in the amnesty policy (e.g. not being re-audited) are not fully kept, the foundation of trust becomes fragile.

This finding also corroborates the view in Tax Morale theory that long-term compliance is only possible if taxpayers perceive the tax system as fair, transparent, and trustworthy (Torgler & Schneider. When taxpayers who have complied with the law feel that they are not treated fairly, while violators actually benefit from the amnesty policy, dissatisfaction and demotivation arise. This injustice poses a threat to the intrinsic motivation of taxpayers who have been compliant without coercion.

In addition, there is a view among informants that the government is too focused on large taxpayers and tends to be reactive in developing programs, without being accompanied by fundamental reforms in the compliance system or expansion of the tax base. This perception reflects the weakening legitimacy of the tax system, which in Tax Morale theory is referred to as 'perceived fairness'.

The psychological implications of tax amnesty are also reflected in the duality of taxpayers' emotional reactions: On the one hand, they feel helped and relieved to be able to settle past offences at a lower cost. On the other hand, there is cynicism and scepticism towards the government's consistency. This confirms that tax amnesty has an ambivalent effect, which can ease past anxieties, but also risks weakening compliance norms for the future if not followed by systemic changes.

Furthermore, some informants consider tax amnesty as a short-term strategy that does not address the root of the problem, such as the culture of tax avoidance and weak fiscal accountability. This suggests that tax morale among taxpayers remains low and opportunistic. This is reinforced by the fact that the decision to join the programme is often not driven by social awareness or responsibility, but rather pragmatic considerations aimed at avoiding greater losses.

Thus, tax amnesty appears to be more effective in increasing compliance through fear than through conviction. In fact, sustainable compliance can only be formed if there is a strong internal drive, which is formed from trust, fairness, and legitimacy of the system. This aligns with the main premise of both Tax Morale Theory and SSF, which emphasise the importance of building long-term relationships between taxpayers and the state, rather than just short-term transactions based on incentives and threats.

Therefore, the effectiveness of tax amnesty in promoting accurate compliance cannot be measured solely by its fiscal achievements. An evaluation of its psychological and social impacts on taxpayers' perceptions is needed, especially in terms of: Does the programme strengthen or weaken?, Does it foster or undermine tax morale?, Does it encourage long-term behavioural change, or is it a one-off solution?.

If these aspects are ignored, then tax amnesty has the potential to become a policy boomerang, reinforcing the cycle of evasion and pseudo-compliance rather than being a sustainable tax reform instrument.

CONCLUSION

This study reveals that tax amnesty policy produces complex psychological effects on taxpayers: while it successfully increases participation through incentives and sanction relief, compliance tends to be externally motivated by audit avoidance rather than genuine awareness, aligning with the Slippery Slope Framework's emphasis on balancing authority power with institutional trust. Inconsistent implementation weakens that trust, and on the tax morale front, forgiving non-compliant taxpayers generates perceptions of injustice among those who have been consistently compliant, risking a broader erosion of voluntary compliance. Tax amnesty should therefore be treated as a temporary, carefully bounded strategy rather than a recurring solution, and must be accompanied by systemic reforms such as consistent post-amnesty enforcement, greater transparency in the use of tax revenues, and additional incentives for long-standing compliant taxpayers to counteract feelings of inequity. For future research, quantitative studies examining how perceptions of fairness and institutional trust influence compliance behaviour across different taxpayer segments would be valuable, as would comparative analyses between countries that have implemented repeated amnesty programmes

and those that have limited amnesty to a single occurrence, which could yield actionable insights for designing more psychologically informed and effective tax policies.

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